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COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUC000003

**Ex Parte, In re: Investigation of the
appropriate level of intrastate access
service prices**

CERTIFICATION OF RULING TO THE COMMISSION

October 18, 2000

On October 3, 2000, the Staff of the State Corporation Commission ("Staff") and Verizon South Inc. ("Verizon South"), formerly GTE South Incorporated, filed a Motion to Approve Settlement of Case in the captioned proceeding. Therein Staff and Verizon South advise that they have reached agreement on issues in this case that involve Verizon South. They seek review of the settlement attached to the motion in an expeditious fashion so that the switched access rate decreases and other changes set forth in the agreement can be implemented quickly, perhaps as early as January 1, 2001. They therefore request that consideration of the settlement be separated from the remainder of this case; that Verizon South be removed from involvement in the ongoing proceedings involving the access services of other local exchange companies; and that consideration of the settlement be transferred back to the full Commission.

By Ruling, the parties were invited to respond on or before October 16, 2000, to the procedure recommended by Staff and Verizon South in the Motion. The Ruling advised the parties that they need not address the merits of the proposed settlement in these responses, and that a later opportunity would be provided to offer comment on the settlement itself.

On October 16, 2000, the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel") and AT&T Communications of Virginia, Inc. ("AT&T") filed responses. The Consumer Counsel and AT&T do not object to separating consideration of the settlement from the remainder of the case and transferring that consideration back to the Commission. They recommend that the Commission's consideration of the proposed settlement be procedurally structured the same way as the Verizon Virginia settlement proposal previously filed in this case.¹ AT&T also notes that since it is a party to these proceedings, it is keenly interested in the settlement proposal advanced by Staff and Verizon South and will comment upon the substance of the proposal at the appropriate time.²

¹Consumer Counsel Response at 1 and AT&T Response at 1.

²AT&T Response at 2.

The Commission previously established this investigation of the appropriate level of intrastate access service prices for four local exchange companies ("LECs"), including Verizon South, on February 2, 2000.³ In its initial order, pursuant to Virginia Code § 12.1-31 and Rule 7:1 of the Commission's Rules of Practice and Procedure, 5 VAC 5-10-10 et seq., the Commission established a procedural schedule, set a public hearing, and appointed a hearing examiner to conduct all further proceedings in this matter.⁴

Verizon Virginia and Staff filed a motion to approve a settlement proposal to address the access charges of Verizon Virginia. That motion was similar in its request to the motion now filed by Verizon South and Staff. The motion filed by Verizon Virginia and Staff was certified back to the Commission, and on September 13, 2000, the Commission issued an order which severed consideration of that proposed settlement from further consideration in this case, established a new docket before the Commission, accepted all cost studies and documents relative to that settlement into the new docket, provided an opportunity for interested parties to submit comments or requests for hearing, and provided an opportunity for Staff and Verizon Virginia to respond.

Staff and Verizon South now ask for the same treatment afforded Verizon Virginia, separation of the consideration of their Settlement Agreement from consideration of the access service prices of the remaining two LECs, United Telephone-Southeast, Inc. ("United") and Central Telephone Company of Virginia ("Centel").

Verizon South agrees in the Settlement Agreement to reduce its switched access rates annually over each of the next five years. The cumulative reduction in switched access revenues over that five-year period is estimated at \$101 million dollars.⁵ Certain long distance companies, including AT&T, have promised to pass on those decreases to their long distance customers; therefore, the settlement should result in lower long distance rates to Virginia customers.⁶ Finally, Verizon South has committed to file the tariff changes contemplated by the Settlement Agreement to be effective January 1, 2001, or no more than 45 days following a Commission Order, if the settlement can be timely reviewed and is approved.⁷

Here there is no opposition to separating and expediting consideration of the settlement proposed by Staff and Verizon South. Separate consideration of the settlement focuses the issues that must be addressed on one company, allows for resolution more quickly, and is therefore reasonable. I will certify the pending Motion to the Commission for determination, and recommend the Commission adopt a procedure similar to that offered parties on the Verizon Virginia and Staff proposed settlement.⁸

³Order Establishing Investigation, Case No. PUC000003 (February 2, 2000).

⁴Id. at 8.

⁵Motion at 3.

⁶Id.

⁷Id. at 4.

⁸*Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte, In re: Investigation of the appropriate level of intrastate access service prices of Verizon Virginia Inc.*, Case No. PUC000242, Order on Proposed Settlement (September 13, 2000).

I find that it is in the public interest to separate consideration of the settlement, and to certify the pending Motion back to the Commission. The Motion and Response thereto are attached to this Certification. Accordingly,

I RECOMMEND that the Commission separate consideration of the Settlement Agreement from the ongoing proceedings, and establish a process for considering comment on the merits of the changes set forth therein and any related issues.

Deborah V. Ellenberg
Chief Hearing Examiner